

HOUSE SUBSTITUTE
FOR
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FOR
SENATE SUBSTITUTE
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FOR
SENATE BILL NO. 730

AN ACT

To amend chapter 137, RSMo, by adding thereto
one new section relating to a homestead
exemption for the elderly.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

Section A. Chapter 137, RSMo, is amended by adding thereto
one new section, to be known as section 137.106, to read as
follows:

137.106. 1. This section may be known and may be cited as
"The Missouri Homestead Preservation Act".

2. As used in this section, the following terms shall mean:

(1) "Department", the department of revenue;

(2) "Director", the director of revenue;

(3) "Disabled", as defined in section 135.010, RSMo;

(4) "Eligible owner", any individual owner of property who

1 is sixty-five years old or older as of January first of the
2 taxable year in which the individual is claiming the credit, and
3 who had an income of equal to or less than the maximum upper
4 limit in the prior taxable year; in the case of a married couple
5 owning property either jointly or as tenants by the entirety, or
6 where only one spouse owns the property, such couple shall be
7 considered an eligible taxpayer if one of the spouses has reached
8 the age of sixty-five or if one spouse is disabled, and the
9 combined income of the couple in the prior taxable year did not
10 exceed the maximum upper limit plus four thousand dollars; no
11 individual shall be an eligible owner if the individual has not
12 paid their property tax liability, if any, in full by the payment
13 due date in any of the three prior taxable years, except that a
14 late payment of a property tax liability in any prior year, not
15 including the immediate prior year, shall not disqualify a
16 potential eligible owner if such owner paid in full the tax
17 liability and any and all penalties, additions and interest that
18 arose as a result of such late payment; no individual shall be an
19 eligible owner if such person claims the senior citizen property
20 tax relief credit pursuant to sections 135.010 to 135.035, RSMo;

21 (5) "Homestead", as such term is defined pursuant to
22 section 135.010, RSMo, except as limited by provisions of this
23 section to the contrary. No property shall be considered a
24 homestead if such property was improved since the most recent

1 annual assessment by more than five percent of the prior year
2 assessed valuation;

3 (6) "Homestead exemption limit", a percentage increase,
4 rounded to the nearest hundredth of a percent, which shall be
5 equal to the percentage increase to tax liability, not including
6 new construction or improvements, of a homestead from one taxable
7 year to the next that exceeds a certain percentage set pursuant
8 to subsection 8 of this section;

9 (7) "Income", federal adjusted gross income;

10 (8) "Maximum upper limit", in the calendar year 2005, the
11 income sum of one hundred thousand dollars; in each successive
12 calendar year this amount shall be raised by the incremental
13 increase in the general price level, as defined pursuant to
14 article X, section 17 of the Missouri Constitution, rounded to
15 the nearest fifty dollar increment.

16 3. Pursuant to article X, section 6(a) of the Constitution
17 of Missouri, if in the prior taxable year, the property tax
18 liability on any parcel of subclass (1) real property increased
19 by more than the homestead exemption limit as a result of an
20 assessment conducted pursuant to subsection 1 of section 137.115,
21 then any eligible owner of the property shall receive a homestead
22 exemption credit to be applied in the current taxable year
23 property tax liability to offset the prior year increase to tax
24 liability that exceeds the homestead exemption limit, except as

1 eligibility for the credit is limited by the provisions of this
2 section. The amount of the homestead exemption credit shall be
3 listed separately on each taxpayer's tax bill for the current
4 taxable year, or on a document enclosed with the taxpayer's bill.
5 The homestead exemption credit shall not affect the process of
6 setting the tax rate as required pursuant to article X, section
7 22 of the Constitution of Missouri and section 137.073 in any
8 prior, current, or subsequent taxable year.

9 4. Any potential eligible owner may apply for the homestead
10 exemption credit by completing an application through their local
11 assessor's office. Applications may be completed between January
12 first and September thirtieth of any taxable year in order for
13 the taxpayer to be eligible for the homestead exemption credit in
14 the next taxable year. The application shall be on forms
15 provided to the assessor's office by the department. The
16 applicant shall include:

- 17 (1) The applicant's age;
18 (2) The applicant's prior year Missouri income tax return;
19 (3) The address of the homestead property;
20 (4) Copies of receipts indicating payment of property tax
21 by the applicant for the homestead property for the prior taxable
22 year; and
23 (5) A disclosure of any improvements made to the homestead
24 that totaled more than five percent of the prior year assessed

1 valuation in any taxable year.

2 Applicants shall attest that the information provided on the
3 application is complete and accurate through the signing of a
4 formal affidavit.

5 5. The assessor, upon receiving an application, shall:

6 (1) Certify the actual homestead, including verification of
7 the acreage classified as residential on the assessor's property
8 record card;

9 (2) Obtain appropriate levy codes for each homestead from
10 the county or township collector;

11 (3) Record on the application the tax liability on the
12 homestead for the prior and current taxable years, adjusted to
13 exclude any improvements in the current taxable year; and

14 (4) Send all applications to the department by October
15 thirty-first of each year.

16 6. Upon receipt of the applications, the department shall
17 verify the federal adjusted gross income of the applicants, and
18 make adjustments to these numbers as necessary on the
19 applications. Once income is verified, the director shall
20 determine eligibility for the homestead exemption credit, and
21 provide a list of all verified eligible owners to the county or
22 township collectors of this state by December first of each year.
23 By January fifteenth, the county or township collectors shall

1 provide a list to the department of any verified eligible owners
2 who failed to pay the property tax due for the taxable year that
3 ended immediately prior; such eligible owners shall be
4 disqualified from receiving the homestead exemption credit in the
5 current taxable year.

6 7. The director shall calculate the level of appropriation
7 necessary to set the homestead exemption limit at two and one-
8 half of one percent for the homesteads of all verified eligible
9 owners, and provide such calculation to the speaker of the house
10 of representatives, the president pro tempore of the senate, and
11 the director of the office of budget and planning in the office
12 of administration by January thirty-first of each year.

13 8. The general assembly shall make an appropriation for the
14 funding of the homestead exemption that is signed by the
15 governor, and the director, in coordination with the state tax
16 commission, shall, by July thirty-first of such year, set the
17 homestead exemption limit. The limit shall be a single,
18 statewide percentage increase to tax liability, rounded to the
19 nearest hundredth of a percent, which, if applied to all
20 homesteads of verified eligible owners who applied for the
21 homestead exemption credit in the immediately prior tax year,
22 would cause all but one-quarter of one percent of the amount of
23 the appropriation actually distributed during that fiscal year.
24 The remaining one-quarter of one percent shall be distributed to

1 the county assessment funds of each county of this state on a
2 proportional basis, based on the number of eligible owners in
3 each county.

4 9. After setting the homestead exemption limit, the
5 director shall apply the limit to the homestead of each verified
6 eligible owner and calculate the homestead exemption credit to be
7 associated with each verified eligible owner's homestead, if any.
8 The director shall send a list of those eligible owners who are
9 to receive the homestead exemption credit, including the amount
10 of the credit and the address of the homestead property, to the
11 county or township collectors of this state by August thirty-
12 first. Pursuant to such calculation, the director shall instruct
13 the state treasurer as to how to distribute the appropriation to
14 the collection funds of each county where recipients of the
15 homestead exemption credit are located, so as to exactly offset
16 each tax credit being issued. Funds deposited in the collection
17 funds of a county as a result of this section shall be
18 distributed as moneys in such funds are commonly distributed from
19 other property tax revenues, so as to exactly offset each tax
20 credit being issued.

21 10. Determination of eligibility for the homestead
22 exemption credit provided in this section regarding both the
23 status of the owner and the status of property shall be based on
24 the status of the owner and the property as of January first of

1 each year; any income limits shall be based on the tax year prior
2 to the year in which the exemption is applied.

3 11. The department shall promulgate rules for
4 implementation of this section. Any rule or portion of a rule,
5 as that term is defined in section 536.010, RSMo, that is created
6 under the authority delegated in this section shall become
7 effective only if it complies with and is subject to all of the
8 provisions of chapter 536, RSMo, and, if applicable, section
9 536.028, RSMo. This section and chapter 536, RSMo, are
10 nonseverable and if any of the powers vested with the general
11 assembly pursuant to chapter 536, RSMo, to review, to delay the
12 effective date, or to disapprove and annul a rule are
13 subsequently held unconstitutional, then the grant of rulemaking
14 authority and any rule proposed or adopted after August 28, 2004,
15 shall be invalid and void.

16 12. Pursuant to section 23.253, RSMo, of the Missouri
17 Sunset Act:

18 (1) The provisions of the new program authorized under this
19 section shall automatically sunset six years after the effective
20 date of this section unless reauthorized by an act of the general
21 assembly; and

22 (2) If such program is reauthorized, the program authorized
23 under this section shall automatically sunset twelve years after
24 the effective date of the reauthorization of this section; and

1 (3) This section shall terminate on September first of the
2 calendar year immediately following the calendar year in which
3 the program authorized under this section is sunset.